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WORKMEN'S COMPENSATION

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You can help these courageous citizens in their uphill fight to reestablish themselves as contributing members of our society. Your vote for Proposition 12 will convince our disabled veterans that we do care and that

we do appreciate the personal sacrifices they have made on our behalf.

JOHN W. HOLMDAHL
State Senator, 8th District

MARCH K. FONG
Assemblywoman, 15th District

13 **WORKMEN'S COMPENSATION. Legislative Constitutional Amendment.** Gives Legislature power to provide for payment of workmen's compensation award to state on death, arising out of and in course of employment, of employee without dependents. Permits such awards to be used for extra subsequent injury compensation. Financial impact: If implemented, would decrease state costs approximately \$1,800,000 per year.

YES

NO

(For Full Text of Measure, See Page 12, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this legislative constitutional amendment is a vote to grant the Legislature the power to provide for the payment to the state of workmen's compensation awards on the death of employees injured in the course of their employment who have no dependents, and to permit such awards to be used to pay extra compensation for "subsequent injuries," which is now paid from the General Fund.

A "No" vote is a vote against such proposal.

For further details, see below.

Detailed Analysis by the Legislative Counsel

The Constitution now authorizes the Legislature to enact a complete system of workmen's compensation. Generally, under the present system, an employee is compensated for an industrially-caused injury. An award is made to his surviving dependents in case of death resulting from such injuries; but no award is payable if he has no surviving dependents.

As a part of this present system, General Fund money is appropriated to pay additional workmen's compensation for "subsequent injuries," that is, payments to an employee with a pre-existing partial permanent disability who thereafter sustains an industrially-caused partial permanent disability. The additional payment is for that portion of the combined disability in excess of the percentage attributable to the later injury for which the employer is liable.

However, the Constitution does not permit the Legislature to require that funds of one employer be used to pay compensation to employees of another employer.

This measure would permit the Legislature to require that on the industrially-caused death of an employee who leaves no surviving dependents, the employer shall pay a death benefit to the state to be used for payments of additional compensation to workmen, including those not employed by such employer, for "subsequent injuries."

Cost Analysis by the Legislative Analyst

Present California state law provides that an employee who is disabled by an injury arising "out of and in the course of" his employment is entitled to workmen's compensation benefits, including medical treatment, temporary disability payments, permanent disability compensation and a death benefit if the workman dies leaving dependent survivors. The amount of the weekly temporary and permanent disability benefit payments is based upon the severity of the disability. Where the injury causes death, the employer is liable for reasonable burial expenses not exceeding \$1,000 and a death benefit of \$25,000 for one dependent or \$28,000 for surviving widow and one or more dependent minor children, payable in installments.

California law also provides that when a worker with a pre-existing permanent disability or impairment suffers a subsequent industrial injury resulting in a combined total permanent disability of 70 percent or more, the employer is responsible only for that degree of permanent disability arising from the subsequent injury. The balance of the disability benefit obligation is assumed by the Subsequent Injury Fund which is supported from the state's general tax revenues in the General Fund. State costs for this program have increased from \$775,000 in 1964-65 to an estimated \$2,000,000 in fiscal year 1972-73.

This constitutional amendment would permit the Legislature to require that when an employee dies as the result of an industrial injury and leaves no dependent heirs, the death benefit of \$25,000 which otherwise would have been paid to a surviving dependent shall be paid to the state instead. Such payments would be used by the state to finance the workmen's compensation disability payments under the Subsequent Injuries program, and thereby eliminate or reduce the cost of this program to the General Fund.

The annual number of job-related deaths in California over the past six years has remained fairly constant at about 725. Approximately 10 percent of these persons leave no dependents. Thus, based on an estimated 72

(Continued on page 31, column 2)

Argument in Favor of Proposition 13

Proposition 13 amends our State Constitution to allow payment of Workmen's Compensation accidental death benefits to a state fund when the deceased employee has no dependents.

Under existing law the death benefits from Workmen's Compensation award, which normally are paid to legal heirs, are paid to no one if legal heirs cannot be found. A YES vote for Proposition 13 would allow the Legislature to enact laws which would require that such benefits be paid to a state fund when no legal heirs can be found. Twenty-six states now have similar state funds financed in this manner.

The state fund in California, called the Subsequent Injury Fund, pays workers who are hurt a second or third time the balance of the disability benefits not paid by their employer.

A YES vote on Proposition 13 would permit funding of subsequent injury claims through the insurance liability of the employer rather than by the State's General Fund.

A YES vote on Proposition 13 will allow

Cost Analysis by the Legislative Analyst

(Continued from page 30, column 2)

nondependency deaths per year, we estimate that this amendment would permit the state to realize savings of at least \$1.8 million annually.

the Subsequent Injury Fund to continue to help provide an incentive for employers to hire persons who have a permanent or partial disability or impairment.

Vote YES to protect the employee's rights under Workmen's Compensation and to guarantee sound financing for "subsequent injury disabilities."

Proposition 13 is a noncontroversial measure supported by both houses of the Legislature and is a completely nonpartisan measure as evidenced by the fact that there were no dissenting votes cast in either house.

Vote YES to update our State Constitution and to modernize our Workmen's Compensation law.

DONALD L. GRUNSKY
State Senator, 17th District
FRANK MURPHY, JR.
Assemblyman, 31st District

14 TAXATION. Initiative Constitutional Amendment. Establishes ad valorem property tax rate limitations for all purposes except payment of designated types of debts and liabilities. Eliminates property tax for welfare purposes, limits property tax for education, and requires state funding of these functions from other taxes. Increases sales, use, cigarette, distilled spirits, and corporation taxes. Decreases state taxes on insurance companies and banks and local sales and use taxes. Requires severance tax on extraction of minerals and hydrocarbons. Requires two-thirds vote of Legislature to increase designated taxes. Restricts new exemptions from property tax to those approved by election. Financial impact: A net ascertainable decrease in revenues to state and local government in excess of \$1,233,000,000 per year.

YES

NO

(For Full Text of Measure, See Page 13, Part II)

General Analysis by the Legislative Counsel

A "Yes" vote on this initiative constitutional amendment is a vote to limit ad valorem property taxes, to change various other taxes, and to revise the system for the financing of public education and social welfare services.

A "No" vote is a vote against the proposed changes.

For further details, see below.

Detailed Analysis by the Legislative Counsel

Generally, this measure would add, amend, and repeal various sections of the Constitution to revise provisions relating to taxation and the financing of public education and social welfare services. The total effect of measure would depend to some extent on statutes to be enacted by the Legislature to implement its provisions; however,

(Continued on page 32, column 1)

Cost Analysis by the Legislative Analyst

This initiative would have the following annual fiscal effects, based on 1973-74 estimates.

1. State costs would be increased by \$2,226 million, state revenues would increase by \$1,854 million, leaving a revenue gap of \$372 million.
2. By repealing the new local sales tax for public transportation, city and county revenues would be reduced by \$151 million.
3. Cities and counties would gain \$61 million from the increase in the cigarette tax.
4. Local property taxes would be reduced by \$3,201 million, or 43 percent. This reduction is composed of: (a) the \$2,430 million shift in property tax costs to the state, offset by a \$204 million re-

(Continued on page 32, column 2)

(a) every resident of this state who, by reason of his or her military or naval service, is qualified for the exemption provided in Section 11 1/4 of this article, without regard to any limitation contained therein on the value of property owned by such person or his wife or her spouse, and who, by reason of a permanent and total service-connected disability incurred in such military or naval service due to the loss, or loss of use, as the result of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude locomotion without the aid of braces, crutches, canes, or a wheelchair, has received assistance from the Government of the United States in the acquisition of such property, and (b) the home of the widow of every such person if the home was acquired as described in subdivision (a); or:

(b) every resident of this state who, by reason of his or her military or naval service, is qualified for the exemption provided in Section 11 1/4 of this article, without regard to any limitation contained therein on the value of property owned by such person or his or her spouse, and who, by reason of a permanent and total service-connected disability incurred in such military or naval service (1) has suffered the loss, or loss of use of both arms, as the result of amputation, ankylosis, progressive muscular dystrophies, or paralysis, or (2) is blind in both eyes with a visual acuity of 5/200 or less and has suffered the loss or loss of use, as the result of

amputation, ankylosis, progressive muscular dystrophies, or paralysis, of one lower extremity or one arm or (3) has suffered loss or loss of use, as a result of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both an upper and lower extremity, or:

(c) the surviving spouse of every such person qualifying for an exemption under subdivision (a) or (b), if the home was acquired as described in subdivision (a) or (b); except that such exemption shall not extend to more than one home nor exceed ten thousand dollars (\$10,000) for any person, for any person and his or her spouse, or for his widow the surviving spouse of such person. This exemption shall be in lieu of the exemption provided in Section 11 1/4 of this article.

Where such totally disabled person, such person and his or her spouse, or his widow the surviving spouse of such person, sells or otherwise disposes of such property and thereafter acquires, with or without the assistance of the Government of the United States, any other property which such totally disabled person, such person and his or her spouse, or his widow the surviving spouse of such person, occupies habitually as a home, the exemption allowed pursuant to the first paragraph of this section shall be allowed to such other property.

This section shall not apply to a surviving spouse upon his or her remarriage.

13 **WORKMEN'S COMPENSATION.** Legislative Constitutional Amendment. Gives Legislature power to provide for payment of workmen's compensation award to state on death, arising out of and in course of employment, of employee without dependents. Permits such awards to be used for extra subsequent injury compensation. Financial impact: If implemented, would decrease state costs approximately \$1,800,000 per year.

YES

NO

(This amendment proposed by Senate Constitutional Amendment No. 20, 1972 Regular Session, expressly amends an existing section of the Constitution; therefore, **EXISTING PROVISIONS** proposed to be **DELETED** are printed in **STRIKEOUT TYPE**; and **NEW PROVISIONS** proposed to be **INSERTED** are printed in **BOLDFACE TYPE**.)

PROPOSED AMENDMENT TO ARTICLE XX

SEC. 21. The Legislature is hereby expressly vested with plenary power, unlimited by any provision of this Constitution, to create, and enforce a complete system of workmen's compensation, by appropriate legislation, and in that behalf to create and enforce a liability on the part of any or all persons to compensate any or all of their workmen for injury or disability, and their dependents for death incurred or sustained

by the said workmen in the course of their employment, irrespective of the fault of any party. A complete system of workmen's compensation includes adequate provisions for the comfort, health and safety and general welfare of any and all workmen and those dependent upon them for support to the extent of relieving from the consequences of any injury or death incurred or sustained by workmen in the course of their employment, irrespective of the fault of any party; also full provision for securing safety in places of employment; full provision for such medical, surgical, hospital and other remedial treatment as is requisite to cure and relieve from the effects of such injury; full provision for adequate insurance coverage against liability to pay or furnish compensation; full provision for regulating insurance coverage in all its aspects, including the establishment and management of

a State compensation insurance fund; full provision for otherwise securing the payment of compensation; and full provision for vesting power, authority and jurisdiction in an administrative body with all the requisite governmental functions to determine any dispute or matter arising under such legislation, to the end that the administration of such legislation shall accomplish substantial justice in all cases expeditiously, inexpensively, and without incumbrance of any character; all of which matters are expressly declared to be the social public policy of this State, binding upon all departments of the State government.

The Legislature is vested with plenary powers, to provide for the settlement of any disputes arising under such legislation by arbitration, or by an industrial accident commission, by the courts, or by either, any, or all of these agencies, either separately or in combination, and may fix and control the method and manner of trial of any such dispute, the rules of evidence and the manner of review of decisions rendered by the tri-

bunal or tribunals designated by it; **provided** provided, that all decisions of any such tribunal shall be subject to review by the appellate courts of this State. The Legislature may combine in one statute all the provisions for a complete system of workmen's compensation, as herein defined.

The Legislature shall have power to provide for the payment of an award to the state in the case of the death, arising out of and in the course of the employment, of an employee without dependents, and such awards may be used for the payment of extra compensation for subsequent injuries beyond the liability of a single employer for awards to his employees.

Nothing contained herein shall be taken or construed to impair or render ineffectual in any measure the creation and existence of the industrial accident commission of this State or the State compensation insurance fund, the creation and existence of which, with all the functions vested in them, are hereby ratified and confirmed.

TAXATION. Initiative Constitutional Amendment. Establishes ad valorem property tax rate limitations for all purposes except payment of designated types of debts and liabilities. Eliminates property tax for welfare purposes, limits property tax for education, and requires state funding of these functions from other taxes. Increases sales, use, cigarette, distilled spirits, and corporation taxes. Decreases state taxes on insurance companies and banks and local sales and use taxes. Requires severance tax on extraction of minerals and hydrocarbons. Requires two-thirds vote of Legislature to increase designated taxes. Restricts new exemptions from property tax to those approved by election. Financial impact: A net ascertainable decrease in revenues to state and local government in excess of \$1,233,000,000 per year.

YES	
NO	

(This Initiative Constitutional Amendment proposes to amend the Constitution by amending and repealing sections of Article XIII and adding a new Article XIII A. Therefore, **EXISTING PROVISIONS** proposed to be **DELETED** or **REPEALED** are printed in **STRIKEOUT TYPE** and **NEW PROVISIONS** proposed to be **INSERTED** or **ADDED** are printed in **BOLDFACE TYPE**.)

PROPOSED AMENDMENTS TO THE CONSTITUTION

First, that ARTICLE XIII A is added to the Constitution to read:

ARTICLE XIII A Tax Limitation

Section 1. It is the intent of this Article that:

- (a) The property tax shall be limited to 1.75% of market value for all purposes other than for the payment of debts or liabilities;
- (b) All of the costs of education, except hereinafter provided, and all of the costs of social welfare services throughout the State of California shall be funded by the State and shall be paid from revenues de-

rived from sources other than ad valorem property taxes; and

(c) Other tax reforms and limitations shall be established.

Section 2. From and after the effective date of this Article, the State shall not levy an ad valorem property tax for any purpose whatsoever; provided, however, that in each year that the State Controller certifies that no other source of funds or method of taxation is available, the State may levy a statewide ad valorem property tax sufficient to service and retire debts or liabilities of the State authorized or outstanding on the effective date of this Article; and provided, further, no subordinate taxing agency shall levy an ad valorem property tax for the purpose of paying the costs of social welfare services.

Section 3. From and after the effective date of this Article, for all purposes, except as provided in Sections 4 and 5 hereof, subordinate taxing agencies may levy ad valorem property taxes only within the following limitations:

- (a) The tax levied by each county shall not exceed TWO DOLLARS (\$2.00) per